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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 001423

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [IZ](#) [TU](#)  
SUBJECT: TURKISH SPECIAL ENVOY TO IRAQ MEETS POLMIL  
MINISTER COUNSELOR

REF: BAGHDAD 1389

Classified By: Pol-Mil Minister Counselor Michael H. Corbin  
for reasons 1.4 (b) and (d).

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SUMMARY  
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¶1. (C) Murat Ozcelik, Turkish Special Envoy to Iraq (and nominated new Turkish Ambassador to Baghdad), told Pol-Mil Minister-Counselor on May 26 the Turkish MFA tried to block a lawsuit brought by Turkish businessmen seeking confiscation of Iraqi oil. Ozcelik also noted that a recent GOI-KRG agreement to export oil from fields developed under Production Sharing Contracts with the KRG put the GOT in a bind. In light of GOT efforts to dissuade Turkish companies from entering contracts without GOI approval, the companies complained they lost a competitive advantage to other companies that signed PSCs with the KRG earlier. Ozcelik opined that the GOT should take a neutral stance with regard to potential deals between the KRG and private Turkish companies. Ozcelik also said the Ministry of Oil (MoO) was installing metering equipment to measure output from KRG fields as one of the preparations to add their output to Iraq's exports on June 1. Ozcelik also commented on the GOT's engagement of expatriate elements of Iraq's Sunni community on reconciliation and internal Iraqi politics. Ozcelik said Turkish Foreign Minister Davutoglu will visit Iraq on or about June 10. Reiterating a concern he had expressed to the Ambassador and CG at the beginning of this visit to Iraq (Reftel) Ozcelik added that the GOT would not undermine Maliki until elections; but that afterwards, he saw it as "very, very difficult" for Maliki to continue as Prime Minister. End summary.

¶2. (C) At a May 26 meeting on the penultimate day of his five-day visit to Iraq, Turkish Special Envoy Murat Ozcelik met with Pol-Mil Minister-Counselor, Emboffs, and MNF-I Force Strategic Engagement Cell (FSEC) rep. The conversation centered on hydrocarbon-related issues and their impact upon GOT and GOI/KRG relations. Ozcelik said he met with Ministry of Oil (MoO) State Oil Marketing Office (SOMO) Director General Falah al-Amiry. Ozcelik said his principal reason was to update Falah on a suit that was pending before a Turkish court - where a Turkish company requested a court order to confiscate a share of Iraqi oil transiting Turkey via the Ceyhan terminal to try and recoup money owed from late payments.. The Turkish Ministry of Foreign Affairs wrote to the Ministry of Justice to block the suit on grounds that a UN Security Council Resolution (UNSCR) protected Iraqi assets from such seizures, but the company's lawyers pointed out that the UNSCR applied only to contracts concluded before ¶2004. The Iraqi payment arrears, however, resulted from a post-2004 contract. Ozcelik noted this could become an increasing problem for Iraqi exports through Ceyhan although

Ankara will continue to defend Iraq's ability to export through Turkey.

13. (C) Ozcelik also noted that the recent GOI-KRG agreement to export oil from fields developed under Production Sharing Contracts (PSCs) with the KRG put the GOT in a bind. Earlier, the GOT had strongly discouraged Turkish companies from entering into such agreements, advising them to wait until the GOI and KRG reached agreement on management of hydrocarbons resources and hydrocarbons legislation had been passed. These companies were now pointing out that they lost a competitive advantage to other companies that already signed PSCs with the KRG. The deals appeared to be yielding results, with an agreement for DNO to export from the Tawke field and a consortium of Turkey's Genel Enerji and Canada's Addax Petroleum from the Taq Taq field from June 1. Econoff pointed out that continuing uncertainty existed, with arrangements to pay the oil field operators still to be worked out. In addition, the Turkish companies' actions could complicate the GOT's more important relationship with the GOI. Ozcelik agreed, and opined that perhaps the GOT should simply take a neutral stance with regard to potential deals between the KRG and private Turkish companies.

14. (C) Finally, Ozcelik relayed Falah's information that the MoO was installing metering equipment to measure output from fields in the KRG as one of the preparations to add their output to Iraq's exports on June 1. Ozcelik hypothesized that the measure might be in support of some future payment scheme still to be worked out to reimburse the foreign oil companies for developing the KRG fields.

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15. (C) On the subject of reconciliation, Ozcelik said he had just seen Tariq Abdullah and Sadiq Al Riqabi to brief them on GOT engagement with individuals and groups claiming to represent elements of Iraq's Sunni community, including insurgents, but that these expatriate entities showed themselves to be wholly unaware of current political realities inside Iraq. "They are ignorant," he said. Ozcelik said the GOT was willing to engage further with these entities to see if they could be made to understand the "political realities of what is and what is not doable" in Iraq; but if it was not worth continuing, he would tell this to the USG. Ozcelik said Riqabi and Abdullah had said the Iraqi government would give its opinion on the value of continued Turkish engagement when Turkish Foreign Minister Davutoglu visits Iraq on or about June 10.

16. (C). Ozcelik said the GOT would not undermine Maliki until elections even though significant opposition was growing to Maliki among significant political groupings. after the elections, Ozcelik saw it as "very, very difficult" for Maliki to continue as Iraq's Prime Minister - predicting that Sadrists, Sunnis, Kurds and ISCI members would opt for another candidate. The Kurds, he said, might support Abdul Mehdi. He again reiterated his concern -- voiced days earlier -- that Maliki was not strong enough to stand up to Iran. In the end, Ozcelik had no response to a question from Pol-Mil Min-Couns: "If not Maliki, who?"

17. (C) As he had only days earlier with the Ambassador and MNF-I Commanding General (Reftel), Ozcelik commented on the role of Muqtada al-Sadr (MAS) and his Sadrist followers in the Iraqi political process. He saw it as unlikely that MAS would join the United Iraqi Alliance (UIA). Ozcelik again suggested that MAS might coalesce with a non-sectarian Sunni party being formed by Ayad Allawi and Salih Mutlaq.

18. (C) Min-Couns asked Ozcelik if he believed that either Talabani or Barzani would make any real moves against the PKK after the KRG elections scheduled for July. "I don't think so," he said.

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